

EXECUTIVE SECRETARIAT

Routing Slip

TO:		ACTION	INFO	DATE	INITIAL
1	DCI				
2	DDCI				
3	EXDIR				
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9	Chm/NIC				
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15	D/OEA				
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17	SA/IA				
18	AO/DCI				
19	C/IPD/OIS				
20	WID/ECON		✓		
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SUSPENSE		Date			

Remarks:

Copied to:

OGI
OEA

JAC
Executive Secretary
8/1/83
Date

THE WHITE HOUSE
WASHINGTON

Executive Registry

83-3900

CABINET AFFAIRS STAFFING MEMORANDUMDATE: 8/1/83 NUMBER: 118837CA DUE BY: _____SUBJECT: Cabinet Council on Economic Affairs - August 3, 1983 - 8:45 amIn the Roosevelt Room

	ACTION	FYI		ACTION	FYI
ALL CABINET MEMBERS	<input type="checkbox"/>	<input type="checkbox"/>	Baker	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Vice President	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Deaver	<input type="checkbox"/>	<input checked="" type="checkbox"/>
State	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Clark	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Treasury	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Darman (<i>For WH Staffing</i>)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Defense	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Harper	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Attorney General	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Jenkins	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Interior	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Agriculture	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Commerce	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
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HHS	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
HUD	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Education	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Counsellor	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
OMB	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
CIA	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
UN	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
USTR	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
CEA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CCCT/Gunn	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CEQ	<input type="checkbox"/>	<input type="checkbox"/>	CCEA/Porter	<input checked="" type="checkbox"/>	<input type="checkbox"/>
OSTP	<input type="checkbox"/>	<input type="checkbox"/>	CCFA/Boggs	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	CCHR/Carleson	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	CCLP/Uhlmann	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	CCMA/Bledsoe	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	CCNRE/Boggs	<input type="checkbox"/>	<input checked="" type="checkbox"/>

REMARKS:

The Cabinet Council on Economic Affairs will meet on Wednesday, August 3, 1983 at 8:45 am in the Roosevelt Room. The agenda and background papers are attached.

RETURN TO:

☐ Craig L. Fuller
Assistant to the President
for Cabinet Affairs
456-2823

☐ Tom Gibson
Associate Director
Cabinet Affairs
456-2800



THE WHITE HOUSE
WASHINGTON

August 1, 1983

MEMORANDUM FOR THE CABINET COUNCIL ON ECONOMIC AFFAIRS

FROM: ROGER B. PORTER *RBP*
SUBJECT: Agenda and Papers for the August 3 Meeting

The agenda and papers for the August 3 meeting of the Cabinet Council on Economic Affairs are attached. The meeting is scheduled for 8:45 a.m. in the Roosevelt Room.

The first agenda item is the Job Training Partnership Act implementation. Last fall the President signed into law the Job Training Partnership Act. The Act is based on the notion of a new relationship between the public and private sectors in providing training for economically disadvantaged Americans. The Department of Labor has requested an opportunity to brief the Council on how the Act is being implemented. A paper from Assistant Secretary of Labor Angrisani was distributed to Council members on July 26.

The second agenda item is a continuation of the report of the Working Group on Economic Statistics. At our June 2 meeting, there was only time for William Poole to present the Working Group's paper, which was distributed to Council members on May 31. Another copy of that paper is attached. The paper will form the basis for the Council's discussion of this agenda item.

Attachments

THE WHITE HOUSE
WASHINGTON

CABINET COUNCIL ON ECONOMIC AFFAIRS

August 3, 1983

8:45 a.m.

Roosevelt Room

AGENDA

1. Job Training Partnership Act Implementation (CM#167)
2. Report of the Working Group on Economic Statistics (CM#123)

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D. C. 20500

MARTIN FELDSTEIN, CHAIRMAN
WILLIAM A. NISKANEN
WILLIAM POOLE

May 5, 1983

MEMORANDUM FOR CABINET COUNCIL ON ECONOMIC AFFAIRS

FROM: William Poole W.P.

Subject: Report of CCEA Working Group on Economic
Statistics on Statistical Confidentiality
Legislation

The Working Group held three lengthy meetings in February and March to consider statistical confidentiality issues. The discussions included issues connected with the current draft bill on statistical confidentiality and general principles that ought to underlie the bill.

The draft bill provides a government-wide approach to statistical confidentiality issues. As such, it involves agencies and statistical functions beyond those represented on this Working Group. Although there are many common concerns, the Working Group wants to make clear that it does not pretend to speak for those agencies that are not represented.

Principles of Improved Confidentiality Protection and Data Sharing

The Working Group is unanimous in the view that strengthened confidentiality protection is needed for those statistical agencies whose protection under present laws is weak and/or ambiguous. This issue is of great importance; the protection of information gathered from individuals and firms for statistical or administrative purposes is a central responsibility of government. Respondents have valid concerns about the unintended uses made of the information they provide. Information provided for statistical purposes only should not be used for enforcement or regulatory purposes. There is, in addition, a general privacy concern: wide sharing of data provides the potential for construction and misuse of extensive files or dossiers on individuals and firms.

Although our first concern must be the principle of confidentiality protection for individuals and firms, it is also important to recognize that such protection has vital practical consequences for the statistical agencies themselves in pursuit of their statistical functions. Without continuing respondent confidence, data quality will be impaired and the entire mission of statistical agencies will be at risk. Unfortunately, recurring reports concerning aggressive Freedom of Information challenges in

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the courts have led many respondents to question the ability of statistical agencies to protect the confidentiality of information provided for statistical purposes.

Both the legislative history and court interpretations of the FOIA confirm the assertions of statistical agencies such as the BLS that respondent information is exempt from disclosure under the Act. However, this protection is not easily demonstrated to many concerned respondents. As a consequence, statistical agencies must allocate staff resources to the process of reassuring respondents and maintaining their cooperation. Moreover, there is the danger that new court cases and new interpretations of existing law could worsen the situation for agencies whose confidentiality policy is not clearly supported by current statutory authority. Statistical confidentiality legislation would provide clear and unequivocal assurance to respondents that the information they provide will be used for statistical purposes only and not for purposes that may threaten their individual interests. Without such an assurance it is possible that the response rate to statistical surveys and censuses and response accuracy may suffer. Statistical agencies are vitally concerned that respondents supply complete and accurate information.

The protection of confidentiality must necessarily focus on control over access to individually identifiable files maintained by agencies for statistical purposes. The more restrictions agencies place on access to files the less likely is the misuse of files. At the extreme, statistical files cannot be misused if no one at all is permitted access to the information; but without some access the collection of the data in the first place makes no sense.

The Working Group unanimously supports the general principle that any new legislation, in the process of defining access to data to ensure confidentiality, should enable continuation of current cooperative statistical sharing arrangements between agencies. While these arrangements are generally in keeping with the intent of the proposed legislation, the Working Group is concerned that under the draft bill currently being considered some existing cooperative data sharing arrangements between agencies might be curtailed or eliminated. The conforming amendments play a key role here. The legislative review currently under way should provide information on the potential for curtailment of existing data sharing arrangements.

A clear majority of the Working Group members supports the general principle that the law should permit voluntary sharing statistical information between statistical agencies for exclusively statistical purposes. Department

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secretaries and agency heads are responsible for maintaining the confidentiality of the data they collect and for assuring that these data are used only for statistical purposes. Before releasing data to another agency the department secretary or agency head will necessarily want to ensure that the receiving agency will maintain the confidentiality of the information.

The minority view within the Working Group is that respondents will have less confidence in an agency that can voluntarily release data to other agencies; for this reason, it is argued, the law ought not to provide for agency discretion to release data to other agencies. This minority position was argued with respect to information collected under Title 13. However, any comprehensive restriction of agency discretion would eliminate current cooperative releases of data from one agency to another. For example, the Department of Agriculture currently supplies the Census Bureau with confidential survey records in connection with the Agricultural Census. An extension of the data sharing restrictions contained in Title 13 would end this cooperative agreement. On the other hand, restrictions contained in this draft bill may cause similar problems for other agencies. The majority view is that a pledge to individuals that the data would be used by agencies only for statistical purposes, with the pledge reinforced by severe penalties against illegal use of statistical information and by strong procedural safeguards to maintain confidentiality, would maintain or increase the confidence of respondents, thus maintaining or improving response rates and response accuracy.

There was general agreement in the Working Group that new legislation should provide for mandatory sharing of the Standard Statistical Establishment List (SSEL) across statistical agencies with due regard, of course, to maintaining the confidentiality of the information in the SSEL. More general issues of mandatory sharing of data were not discussed at great length. Most statistical agencies would, of course, like to have a mechanism to prevent arbitrary actions that deny access to another agency's data that are useful in their own statistical programs. However, most members of the Working Group believe that the Federal statistical system would benefit from legally sanctioned voluntary sharing of data and that problems of data sharing can ordinarily be worked out on a voluntary case-by-case basis if the power to do so under strong confidentiality safeguards is clearly established in the law. Some members of the Working Group believe that the Federal statistical system would be harmed rather than benefitted if legislation

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is enacted with different standards of confidentiality and data sharing for certain agencies.

Benefits from Wider Sharing of Data Across Statistical Agencies

There is a general, though not unanimous, perception within the Working Group that substantial benefits would accrue from the wider sharing of statistical data across the statistical agencies. The possible benefits identified would be of three kinds.

1) By linking micro data presently available in different agencies, the statistical functions of the various agencies could be significantly improved. For purposes of particular statistical analyses, an agency's access to relevant parts of files presently maintained in other agencies can be expected to yield new insights and improved quality.

2) A certain amount of duplicate work can be eliminated, providing budgetary savings to the Federal Government. At present, to carry out their missions, some agencies must duplicate work performed in other agencies because those agencies cannot release information. These duplicate efforts also suffer from respondent resistance to providing the same information several times, possibly reducing the quality of the data. No precise estimates of the Government's cost savings are available; the savings will obviously depend on how far the sharing of data might proceed in the future.

3) Because agencies now sometimes duplicate the data collection of other agencies, a reduced respondent burden can be expected. Savings from reduced response requests will accrue to the private sector in the form of reduced costs and reduced aggravation from filling out forms.

The Draft Bill

The Working Group spent considerable time discussing the language in the March draft bill prepared by OMB. These discussions helped to clarify the basic issues.

A frequently expressed opinion within the Working Group was that our agreement on general principles did not translate easily into support for the draft bill. Some members expressed doubts that some of the language in the draft bill accomplished what it intended to do. Concern was also expressed that: (1) The draft bill is extremely complex; (2) The complexity may produce problems when this bill, or a modification of it, reaches the Congress; (3) The

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bill's complexity may make it vulnerable to apparently innocent amendments that could have much larger effects on the bill's design than may be apparent at first glance.

If this draft bill, or some modification of it, is sent to the Congress, it will be important to spend considerable time working with key members of the Congress and their staffs as well as representatives from respondent groups in order to explain and justify the bill's details. If its provisions are not fully understood, both the Administration and the Congress may be perceived as placing efficiency ahead of confidentiality.